

## **CHAPTER 8.1**

### **TECHNOLOGY ZONE**

- Art. I. General Provisions, §§8.1-1--8.1-9
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### **ARTICLE I - GENERAL PROVISIONS**

#### **SECTION 8.1-1. PURPOSE.**

The City of Winchester finds that the development of its commercial and industrial tax base requires incentives, and determines that the most appropriate method of offering incentives for the area described below is to create a technology zone in that area, as guided and authorized by the Code of Virginia, §58.1-3850. The City believes that the establishment of a technology zone will improve the economic conditions of the downtown area of Winchester which could, in turn, benefit the welfare of the citizens of Winchester. (Ord. No. 031-96, 12-10-96)

#### **SECTION 8.1-2. ADMINISTRATION.**

The Administrator of the Winchester Technology Zone shall be the City Manager or his designee. The Administrator shall determine and publish the procedures for obtaining the benefits created by this chapter and for the administration of this chapter. (Ord. No. 031-96, 12-10-96)

#### **SECTION 8.1-3. DEFINITIONS.**

For the purposes of this chapter, the following words and phrases shall have the following meanings, unless clearly indicated to the contrary:

- (a) *QUALIFIED TECHNOLOGY BUSINESS.* The term qualified technology business shall mean a business, to the extent which its gross receipts are derived from computer hardware, software or telecommunications sales,

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leases, licensing or services , and, for which the computers or telecommunication is used to provide sales, leases, licensing or services directly to the customer. Examples include electronic information operations and providers, internet service providers, software design and development companies, computer and computer peripherals sales or assembly businesses, multi-media content developers, internet-based sales or service companies, hardware design and development companies, long distance video service companies, and computer supply and/or service companies. Examples also include retailers, to the extent that sales are made to the customer via the internet, without the customer's physically coming to the retail establishment. Examples of businesses using telecommunications to provide sales, leasing or services directly to the customer include credit card authorization centers, retail catalogue sales centers, hotel or airline reservation centers and telephone company operator, repair dispatching, or sales centers.

In no case shall the use of computers or telecommunication services by a business in its internal operations qualify the business as a technology business.

To qualify, the company must have a minimum of three (3) employees and an investment of at least ten thousand dollars (\$10,000). The investment may be established by the value of personal property; real estate owned; or the value of a lease of real property for the operation of the technology business.

Notwithstanding the above, during the first year of operation of a business, which is not a successor to a business which would qualify as a technology business, if the newly created business qualifies for the micro-enterprise loan program or if the business operates within the City's business incubator program, at the time such program is created, it shall qualify as a qualified technology business.

Existing companies within the boundaries of the technology zone which qualify under any of the criteria set forth above may be qualified as a technology company. A company meeting the criteria which moves into the technology zone may also qualify.

- (b) *QUALIFIED ZONE RESIDENT.* The term qualified zone resident shall mean an owner or tenant of real property located in the technology zone who expands or rehabilitates such property to facilitate the operation of a qualified technology business within the technology zone.

The term property for this subsection shall be the unit or units for which a site plan is submitted or for which a building code application is submitted.

- (c) *TELECOMMUNICATIONS.* The term telecommunications shall mean internet, email or similar services, but shall exclude voice telephone and facsimile

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communications except for the examples listed above in subsection (a) as businesses using telecommunications to provide sales, leasing or services directly to the customer. (Ord. No. 031-96, 12-10-96)

### **SECTION 8.1-4. BOUNDARIES.**

The technology zone shall be that area located within the following boundary lines:

Commencing on East Lane at National Avenue;  
thence south along East Lane to East Cork Street;  
thence west along East Cork Street to South Cameron Street;  
thence south along Cameron Street to East Cecil Street;  
thence west along Cecil Street to the intersection of West Cecil Street and South Braddock Street;  
thence north along South Braddock Street to Cork Street;  
thence west along Cork Street to South Washington Street;  
thence north along Washington Street to the intersection of North Washington Street and West Fairfax Lane;  
thence east along Fairfax Lane to the intersection of Fairfax Lane and North Loudoun Street;  
thence north along North Loudoun Street to Baker Street;  
thence east along Baker Street to North Cameron Street;  
thence south along North Cameron Street to East Fairfax Lane;  
thence east along East Fairfax Lane to the beginning at East Lane and National Avenue. (Ord. No. 031-96, 12-10-96; Ord. No. 023-97, 10-14-97)

### **SECTIONS 8.1-5 - 8.1-9. RESERVED.**

## **ARTICLE II. TAX REBATES AND EXEMPTIONS**

### **SECTION 8.1-10. TAXES ELIGIBLE FOR REBATE.**

Qualified technology businesses shall receive a rebate of a percentage of the utility tax on local telephone usage, electric usage and cable television usage imposed by Article V of Chapter 27 of the Winchester City Code. (Ord. No.-031-96, 12-10-96)

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### **SECTION 8.1-11. TAXES ELIGIBLE FOR EXEMPTION.**

Qualified technology businesses shall be exempted from a percentage of the following local taxes:

The business, professional and occupational license taxes and fees imposed by Chapter 28 of the Winchester City Code.

### **SECTION 8.1-12. AMOUNT OF REBATE OR EXEMPTION.**

The amount of each type of tax rebate or exemption under §8.1-10 or §8.1-11 shall be a percentage of that tax paid or due by the qualified technology business each year. The percentage rebated or exempted each year shall be determined by the following schedule:

Year 1 . . . . .	100%
Year 2 . . . . .	80%
Year 3 . . . . .	60%
Year 4 . . . . .	40%
Year 5 . . . . .	20%

Year 1 is the calendar year in which the business becomes a qualified technology business if it qualified prior to June 30 of the year. Otherwise, year 1 shall be the year following the year in which the business becomes a qualified technology business. Qualified technology businesses shall receive the tax rebates or exemptions established by this article for five years. Once a business has qualified as a technology business, it shall not be entitled to additional periods of five years or any parts thereof by reason of expansion of investment or number of employees. If a business ceases to be a qualified technology business during a year in which the rebates or exemptions apply, they shall be prorated for the months the business was a qualified technology business.

If a majority of the gross receipts of a qualified technology business is derived from the operations which qualify the business, all of its gross receipts shall be included in the rebates and exemptions.

If a minority of a business' gross receipts is derived from such operations, the rebates or exemptions shall be applied only to that part of the gross receipts which is based on the sales or services via such qualifying operations. (Ord. No. 031-96, 12-10-96)

### **SECTION 8.1-13. PROCEDURE FOR REBATE OR EXEMPTION.**

In the case of rebates, each business desiring inclusion in the program shall pay the taxes listed in §8.1-10 or §8.1-11 in the manner prescribed by the Winchester City Code. The business shall apply to the Administrator for certification as a qualified technology

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business. The application must be made within twelve (12) months of the month in which the applicant met the definition of a qualified technology business. The Administrator shall investigate such matters. Upon certification and proof that no taxes are outstanding at the time of application, the qualified technology business shall be entitled to the rebates created by this article. The Commissioner shall rebate taxes on a quarterly basis. Failure of the business to pay in full by the due date any of the taxes listed in this article, or other taxes imposed by the City shall result in forfeiture of the rebate of that tax for that year upon a finding by the Administrator that such delinquency is significant.

In the case of tax exemptions, the business shall file all necessary tax applications. The business shall apply to the Administrator for certification. The application must be made within twelve (12) months of the month in which the applicant met the definition of a qualified technology business. The Administrator shall investigate such matters. Upon certification and proof that no taxes are outstanding at the time of application, the business shall be entitled to the exemptions created by this article. Failure of the business to pay in full by the due date any taxes imposed by the City shall result in the loss of the exemption for the remainder of the current year upon a finding by the Administrator that such delinquency is significant. (Ord. No. 031-96, 12-10-96)

**SECTIONS. 8.1-14 - 8.1-19. RESERVED.**

## **ARTICLE III. REBATE OF LAND DEVELOPMENT FEES**

### **SECTION 8.1-20. APPLICABILITY OF REBATE OF LAND DEVELOPMENT FEES.**

The fees identified in this article shall be rebated as follows:

- (1) Any owner of real estate located within the area delineated in Section 8.1-4 of this Code who plans to perform alterations to a structure in order to allow occupancy by one or more qualified technology businesses may apply, in writing, to the City Manager, or his designee, for a rebate of the fees described in Sections 8.1-21 through 8.1-24, both inclusive, of this Code, provided at least 40% of the cost of the expansion or rehabilitation of the structure is to house a “qualified technology business” as defined by Section 8.1-3 hereof.
- (2) The City Manager, or his designee, shall carefully review the application to determine whether or not the applicant meets the definition of “qualified zone resident” stated in Section 8.1-4 of this Code, and to determine whether or not a “qualified technology business” physically occupies the structure which is the subject of the application, as well as the additional criteria specified in (1), above.

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- (3) Notwithstanding any other provisions of this Chapter, if the City Manager, or his designee, determines that all of the conditions specified in (1) and (2), above, have been met by the applicant, he is authorized to rebate not more than twenty percent (20%) of the total amount of fees described in this Article and paid by the applicant.
- (4) The applicant who initially qualifies hereunder may, thereafter, once each year for a period of five (5) years measured from the date of the first application, reapply for additional rebate of the same said fees, but shall be entitled to no more than twenty percent (20%) per year of the initial total of all such fees. At the time of each such subsequent application, the applicant must meet all of the criteria herein specified, and failure to do so will disqualify the applicant entirely from any further consideration for any additional rebate of such fees. However, an applicant who initially qualifies hereunder for a rebate shall not thereafter be disqualified solely because the qualified technology business is no longer occupying the subject structure if another qualified technology business has replaced it in the same structure.

### **SECTION 8.1-21. BUILDING CODE FEES.**

Qualified zone residents shall be rebated the building permit fees imposed by Winchester City Code §6-27. (Ord. No. 031-96, 12-10-96; Ord No. 010-98, 5-12-98)

### **SECTION 8.1-22. WATER AND SEWER AVAILABILITY CHARGE.**

Qualified zone residents shall be rebated the availability charge imposed by Winchester City Code §29-7(c) on water and sewer connections. (Ord. No. 031-96, 12-10-96; Ord No. 010-98, 5-12-98)

### **SECTION 8.1-23. ZONING ORDINANCE FEES.**

Qualified zone residents shall be rebated the fees imposed by §23-8-1 *et seq.* of the Zoning Ordinance. (Ord. No. 031-96, 12-10-96; Ord No. 010-98, 5-12-98)

### **SECTION 8.1-24. SUBDIVISION ORDINANCE FEE.**

Qualified zone residents shall be rebated the charge for the submission of a subdivision plat imposed by the Subdivision Ordinance §4-8. (Ord. No. 031-96, 12-10-96; Ord No. 010-98, 5-12-98)

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### **SECTION 8.1-25. NONWAIVER.**

This article shall not be construed to waive the requirement of any application, permit, or approval from the City as mandated by other code sections. Nothing in this article shall be construed as waiving the right of the City of Winchester to collect any fines or penalties imposed by other sections of the Code. (Ord. No. 031-96, 12-10-96)

### **SECTION 8.1-26. RESTRICTIONS.**

No property owner may apply for a rebate under this article on the basis of a building permit issued prior to the establishment of the technology zone. (Ord. No. 031-96, 12-10-96; Ord No. 010-98, 5-12-98)

### **SECTIONS 8.1-27 - 8.1-29. RESERVED.**

## **ARTICLE IV. EDUCATION AND PROMOTION**

### **SECTION 8.1-30. EDUCATION AND PROMOTION.**

The Administrator or his designee shall develop programs to educate the public and potential businesses of the benefits of the technology zone.

It is the intention of Council that the technology zone, the telecommuting center, the T-1 internet cable access and related technologically-based benefits of downtown Winchester be promoted regionally, nationally and internationally. The Administrator or his designees shall carry out such promotion with the advice and assistance of the economic development entities in the community, including, but not limited to the Winchester-Frederick Economic Development Commission, the Chamber of Commerce, the Old Town Development Board, and in cooperation with computer and telecommunication businesses participating in the technology zone. (Ord. No. 031-96, 12-10-96)

